



# Independence for All STRATEGIC PLAN 2017-2021

## Values

### How we use resources:

**Responsible** – We practice fiscal responsibility. We carefully plan for and spend our resources in appropriate, cost-effective ways.

**Sustainable** – We manage our resources wisely, using only what we need to meet the current needs of our citizens while also keeping in mind the needs of future generations.

### Services are:

**Quality** – We provide safe, sustainable, and well-maintained public facilities and municipal services to residents and visitors.

**Reliable** – We protect public health and the environment by providing consistent, reliable, and efficient city services.

### Solutions are found through:

**Collaboration** – We get more work done when we work across departments and partner with the community.

**Open communication** – We are clear with our ideas and decisions. We aim to build respect and trust, resolve our differences, and create a positive environment.

### Our attitude is:

**Congenial** – We maintain a positive attitude and atmosphere because we treat everyone with respect and fairness.

**Empathetic** – We are able to step into someone else's shoes, listen, and understand another point of view.

**Engaging** – We actively engage our citizens to ensure that community concerns and aspirations are consistently understood and considered.

**Responsive** – We always respond to citizen concerns in a timely and efficient manner.

**Trustworthy** – Our promises instill trust in our actions and decisions.

### Decision making:

**Accountable** – We accept responsibility for our actions. Our decisions have a real impact on the community and we follow our words with actions.

**Credible** – We employ experienced and qualified staff. We use trusted sources and our decisions are based on balanced and objective information.

**Innovative** – We don't shy away from new ideas. We think of creative ways to work together. Our open thinking helps us accomplish our goals.

**Ethical** – We make equitable, fair and just decisions because that's the right thing to do.

**Transparent** – We are open and honest with our decisions and supporting data.

**Visionary** – We make smart, long-term decisions that consider future needs.

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# INDEPENDENCE ★ MISSOURI ★

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## Public Utilities Advisory Board Executive Meeting Agenda

July 20, 2023

2:30 PM, Independence Utilities Center 17221 E. 23rd St. So.

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### I. ROLL CALL

- A. Roll Call
  - 1. Minutes of 6-15-23

### II. ACTION ITEMS

- A. Annual Officer Elections
  - 1. Chairperson
  - 2. Vice-Chairperson

### III. DISCUSSION

- A. Discussion
  - 1. Discussion on Public Power - John Twitty, President & CEO of Missouri Public Utility Alliance (MPUA).

### IV. REPORTS

- A. Finance & Administration
  - 1. Questions on Utility Financial Reports - May 2023
- B. Municipal Services
- C. Water
- D. IPL
  - 1. IPL Rate Update
- E. Deputy City Manager

### V. BOARD MEMBER COMMENTS

Board Member Comments

### VI. ADJOURNMENT

- A. Next Meeting Date August 17, 2023

# *City of Independence*

## AGENDA ITEM COVER SHEET

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### **Agenda Title:**

Roll Call

1. Minutes of 6-15-23

**Department:** City Manager's Office **Contact Person:** Adam Norris

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### **REVIEWERS:**

Power and Light Department

Approved

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**Board Action:**

**Board Action:**

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### **ATTACHMENTS:**

- ▣ Minutes of June 15, 2023



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**CITY OF INDEPENDENCE, MO**  
**PUBLIC UTILITY ADVISORY BOARD**

**Public Utilities Advisory Board Meeting Minutes**  
**June 15, 2023**

**PUAB MEMBERS PRESENT**

Anthony Giaramita, Chairperson  
Sheri Tindle  
Les Boatright  
Michael Talcott, Vice-Chairperson  
Steve McLuckie

**PUAB MEMBERS ABSENT**

David McDowell

**PRESENT FROM IPL**

Jim Nail, Director  
Khristina Irvine, Fiscal Administrator

**PRESENT FROM WATER**

Dan Montgomery, Director

**OTHERS PRESENT**

Adam Norris, Deputy City Manager  
Stephanie Harris, Accounting Mgr. - F&A  
Riley Newton, Asst. Comm. Mgr.  
Steve Wagner, City 7

**PRESENT FROM MUNICIPAL SERV.**

Lisa Phelps, Director

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Chairperson, Anthony Giaramita called the meeting to order at 2:30 p.m.

**I. ROLL CALL**

- A. Roll Call** - The board was able to establish a quorum. All members were present except David McDowell.
1. Approval of Minutes 5/18/23 – A motion was made to approve the minutes by Mr. Boatright. Ms. Tindle seconded the motion. All voted in favor, to approve the minutes as written, motion passed.

**II. REPORTS**

- A. Finance & Administration**
1. Questions on Utility Financial Reports – April 2023 – Stephanie Harris reported that all previous variants still apply. Fund balance/cash reserves are looking good. There are a few things that might need to be revised in the future budgets, but everything seems to be in alignment at this point in the fiscal year.  
Mr. Giaramita asked if Finance was able to find anything out about previous studies. Stephanie replied she did not find anything in Finance’s files. Jim Nail added that he talked to Goldman Sachs and will talk more about it during the IPL reports.
- B. Municipal Services** - Lisa Reynolds said nothing to report but as far as an update with the lime stabilization we have the hauling contractor, that contract is in place now and just working through the final permitting details through Department natural resources. Feel free to come for a tour anytime you would like.
- C. Water** –
1. Q&A regarding the New Payment Platform Website – Requested by Mr. McLuckie



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Mr. McLuckie said he didn't have any other questions. He thanked Dan Montgomery for answering all the questions that were sent in. Dan added the main thing is if you've paid a fee in the past, you'll pay less with the new fee structures. But if you didn't pay and use an ACH, so it comes right out of the bank. There's no fee. If you're using your bank to pay your bills, it's the same way, it didn't change. If we would have led with that, we might have ceased to have a lot of these questions. I went out and signed up also just to be a customer, even though my system is what it is, I just wanted to find out what people were dealing with and so I think the only trick I had was I tried to put my full name in there and it only once like couple letters of your name. It's better if you have your account number. So that's the only problem I had with it. I could answer any questions that you might have, but I do appreciate the questions you ask, and I answered them and hopefully everybody could understand what was going on.

Mr. Talcott asked when this was looked at to find the company to go with, I noticed it was the Finance Department, Tech Services and so forth. Does IPL have anything major to do with this? Dan answered this is something the Finance Department bids out. They get proposals to get the rate that they were going to have. So, I would say everybody a little part, but like for IPL, Water and Sewer, it's just the mechanism of how they pay. It wasn't something that any of us would select, but are we are part of the process, yes. Mr. Talcott responded; I appreciate that because I want to kind of make a point because it's going to come out in some of my stuff later that I'm going to talk about. We're getting a lot of these Examiners articles coming out that are skewing all the negative, making IPL look negative and it's quite to the contrary. I want to make sure that I make a point that everybody's dog piling it all on IPL. To clarify, I've heard it referenced as the IPL bill, but this is the city's utility bill. This is a payment mechanism people can use to pay their utility bill as well as everything. So, it's not an IPL bill, it's the city's utility bill which includes reliabilities. Dan responded, yes that right. Mr. Talcott said I appreciate that. A lot of confusion that causes, is it is administered out of the Water Department, but wastewater, water, our lights, it's all part of the bill. And again, that's why I want to make sure that's kind of emphasized because these couple of articles that I'm going to address later are just like filled with IPL, IPL, IPL. It's their fault, it's their fault. So, thank you. Adam Norris asked, if I could add one more thing or so you know, I've been with the city for close to five years now and one of the consistent pieces of feedback I've received since I've been here is the previous payment processor and the concerns and the expense with that. So, you know, this was a key objective for quite some time. Once that contract ended to rebid this and you know it's somewhat unfortunate the some of the negative feedbacks that has been we've received about this, but at the end of the day, our customers are saving money, which was a key objective here. And I think that's important. Dan pointed out, you know, if you were paying a fee before you're paying less fee now and if you weren't paying anything, you still aren't paying anything. So yeah, it seems like the negative is always louder than the positive and I'm sorry one more thing and in response to that. Mr. Talcott asked when they bid these out, do they look at reviews, it just seems like this time around, I noticed that some of the comments have been that they didn't finish getting everything loaded from the old customer database to the new one before they rolled it out. Why did they roll it out before



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everything was complete? Adam responded because the contract ended with the previous vendor, there was a timeline and a deadline that had to be met. I know that's a key concern our customers have right now, and the number one priority is to be able to access that historical billing information. I would say to, anytime we do a public, competitive selection process there's multiple steps involved, including references and track record with other municipalities. So, there's a pretty robust process that we go through, and there's also limitations sometimes with technology on how those systems interact with our current system. So, there's sometimes a limit in the pool of entities that can be used just because of all the technology we already have in place. Stephanie added, just to be clear, the data which is maintained in our billing system didn't change. Our billing system didn't change. What changed is who we are using to process the payments and the problem with the historical information is an imaging issue and a communication between software's for the images of the bills with the new software. So, it's a communication issue between the two systems that they're trying to figure out. Mr. Talcott said so in other words, the people that the customers in the one database, they'd since they didn't all I guess that's a process right where you take all the people from the old database and move them to the new one. Dan added currently I can pull mine up and I can see my current bill, but I can't see the past bills now. So, a lot of folks have now signed up for it, which is a fine thing and in the future they're all being loaded. They think that they'll have, 90% of them by Friday, but I'm not going to promise that because I don't know how that's going to work, but that's what the goal is and hopefully we'll get those all loaded and get the history in there and the future. You'll have more information than you had in the past, and especially in my case where I was never looking at the history anyway. I was just looking at my bill that showed up and that's how I was. So, you can kind of look at what your same usage of year ago at that time to kind of get a feel. And I just want to know, am I using more or less and that's where I was.

**D. IPL –**

**1. End of Contract for Solar Farm – Requested by Mr. Talcott**

Mr. Talcott said my question is with this end of contract with the solar farms who's responsible for the disposal of any solar panels? Jim Nail responded based on the expected life of the equipment, which is 20 to 30 years, MC Power was granted a 30-year lease on the property and a 25-year contract for delivering power that gives them, you know, a couple of years from when the lease started to build the build it and get it into operation. And then a couple years on the other end to decide what they're going to do, but they own and operate the equipment, all that solar panel infrastructure, they own it. So, as we near the end of the contract, we'll have to review with them what the life expectancy is, how is it performing. Is there an intention to continue the contract or end the contract and then it would be their responsibility to take care of restoring that site. After seven years of operation, which would be 2025, we have an option to buy them out. We're not really sure what that means. The language in the contract says a third party would have to come in and assess the value based on all elements of the contract being in effect for the life of the contract. So, what does that mean? Does that mean the value of the power they could have expected to sell over the for the contract? We're not really sure. But if we were just to decide that we





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wanted to buy them out, then we would have to approach them and negotiate that and get a third-party assessment. Nothing in the contract would stop them from offering to sell it to us. Now, in fact, we've had discussions with them in the past and they hinted that they might want to do that. We said fine, make us an offer. That was the last we heard from them. So not sure what their intention is there, but we've got the 25-year contract to buy power, 30-year release. Again, they own and operate the system, so it would be their responsibility to restore the property. Mr. Talcott said that's my reason for asking that question because some of the research that I've been doing has been finding that it's not just taking these to the dump, they've got the cadmium and all that stuff in them. You have to take them to special hazardous waste dumps. They have to be wrapped individually, and that's horribly expensive.

**2. Municipal Electric Rate – Requested by Mr. Talcott**

Mr. Talcott said my question is now that the Council has voted the fixed percent to come back to the 2012 rates, my thinking is that it's only fair that the municipal rate gets dropped also. Now I understand this is a Council thing, this is a decision that has to be made by Council, but my question is because, according to both, the Charter and the Bondurant decision, the city cannot benefit anymore from the utility than the citizens. I'm wondering what anybody here thinks as far as that goes. Adam said I'm going to hand out a legal opinion that we provided back in 2020 about the municipal rate, which indicates that the municipal rate is both compliant with the Charter as well as the Bondurant decision. So, the city municipal rate is consistent with what was recommended in this legal opinion? Mr. Talcott said so by what it says in here, in the third paragraph, the value of the power supply to the city shall be calculated at the same rate as applied to other customers, which consumes several amounts of power. So, can you explain to me what they're saying? Jim Nail said when we looked at the city as a single customer, if you included all the 100 plus meters that are part of the city's account, they would be equivalent to one of our large industrial users. As far as the volume, what we did was we took the special interruptible rate, which is offered to our large industrial customers. We took for an equivalent amount of power. How much the demand charge would be, plus the usage charge, told that up divided it by kilowatts and came up with a price for kilowatts. So, eight cents. The large industrial user interruptible rate, they have their demand charge, which is how much we how much we charge them to be able to deliver the maximum amount of power that they could use. And then the hourly there or the pilot hour rate, which is for them is I believe \$0.06. So, the six cents plus the demand that averaged out to 8 and that's how we came up with the \$0.08.

Ms. Tindle said for comparison, does the school district get that rate? Are they one customer with all their buildings? The school district on the old rates, is in a special school and church rate. And in the new rate design, it was decided to do away with that special rate and put them on large general service like another large customer. On the Goldman Sachs report I was able to get in contact with one of the one of the people who was on the original the original presentation, Joseph Natoli. He is still with Goldman Sachs. Everybody else that was on that report is no longer with either Goldman Sachs or Stern Brothers, but I had a good conversation with him. That was not a study. There was no study involved, there was no



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exchange of information. They didn't come in and do a records dive or look into contracts. What they did was, they basically took their best professional guess as to what a utility of our size might be worth in the report, they list three different ways to the three different methods of that evaluation and then gave a range of values of potential values and said, you know, the value of the utility could be somewhere in here. They also mentioned that the outstanding bond debt would come off of that which about \$114 million. What was not included in that study, and they said they made no attempt to look at things like the two coal contracts, two wind farms, the solar farm, all of those contracts are with the City of Independence not Independence Power & Light. So, if the city were to make the decision to sell the utility, you still have these contracts that are an obligation. Nebraska City, for example, OPPD, Omaha Public Power district. Our contract with them costs us in the range of \$15 to \$20 million a year. Obviously, that's not something that the city would want to continue. So, in the negotiation of a sale, you would have to have some come up with some way to resolve that contract. That would be 3-way negotiation between us OPPD and who the potential buyer is. But that also is going to come off of. So, let's say you have an average value of 300,000,000. What's been put out in the papers, and such is that the city would see this big cash infusion. Well, maybe not because you have let's say \$300,000,000. Now you take off the \$114M. Now you're going to have to take off millions of dollars to get out of this contract with OPPD, with MPUA, with Smokey Hills, Wind Farm, Marshall Wind Farm, the Solar Farm. All those contracts will come right off of that \$300 million sale price. What was also not included, and they recommended that if we do go forward with a study, we needed to make sure we included these things. What's the impact on LAGERS and Staywell? The rates the city pays for LAGERS and Staywell are based on participation. You remove 175 employees, that's about 15% of the employee base and it could have an impact on the rates that that are charged for those. The direct costs don't change because right now all of those are being paid by IPL. All the benefit expenses for IPL personnel are paid by IPL funds, so that doesn't shift. But what could change is the rates that the city gets charged going forward. When you remove that many people from the plan, other things, any buyouts of personnel, if the buyer chose not to retain people when you had a staff of 175 with hundreds of hours of leave on the books, somebody's paying for that leave payout again if the buyer is going to have to participated that, that's coming off your sale price. So, all of these are issues that were not included. This was just simply a high-level market type of look at the potential of a sale and a lot of different details that would have to be included to really refine that to something meaningful. I would say this was not commissioned by the city. It wasn't commissioned by IPL. It wasn't commissioned by Finance. As part of the process of doing our bond reissuing, Goldman Sachs was working with our financial advisor PFM and in 2018 they offered this assessment up as just one piece of information for the city to consider. And since they were working with PFM again on the re-bonding, they just produced an update, but again not a lot went into it. No data exchange or anything like that.

Mr. Boatright said I've got a question here. Is it normal to do those contracts? We talked about the coal contracts with the city versus with IPL. Jim responded I would have to say yes,





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I mean not based on any experience, but the fact that 100% of our contracts are with the City of Independence rather than IPL. It would seem like that must be the normal practice, or at least it is for us.

Mr. Talcott said so nothing was paid for it, right? Jim answered correct. Mr. Talcott said it wasn't requested by anybody in particular. Jim answered correct. In fact, when I talked to Mr. Natoli, he said a colleague of his in the finance and banking business had mentioned to him, hey, independence is working on some bonds. This is back in 2017, 2018. You should reach out to him and offer some services. So, it was basically kind of a like a marketing attempt on them, a fishing expedition to see if they could interest us in some further business.

Mr. McLuckie said Mr. Chairman, I don't have a question on this, but it is for IPL. This relates to the City Council meeting on the 5th. I don't know if you saw it, but a Council Member asked about the reserve fund and basically, I think I can summarize by saying he talked about it increases every year and we've never used it and I think he was thinking that maybe we can use that so that the customer cost doesn't go up as much. Could you just explain the rules on that reserve? Is it locked down for just the reserve fund? Can you use it for something else? Jim responded that you have heard people make comments about, well, we've never touched the reserves. That's a slight misperception of how that whole thing works. We have in the past, operated on a threshold of 67 days of operating cash. That's strictly \$340,000 a day is about what it takes to run the operation. And so, 67 times on top of that, we have mandatory debt reserves that we have to have on hand as part of our obligation on taking out those bonds. Those two things together are about \$25 million. So, we've had this threshold of \$25 million. Our reserves are well above that and have been. Those reserves are used for any outstanding bills that may come in fluctuations in the cost of electricity or fuel, late payments that come in that we have to cover, all of those different things that the reserves are there and hopefully the reserves are built up so that we have capital funds available to do things like build a new substation. We have never dropped below that \$25 million threshold. We most certainly have dipped into our reserves from year to year. Think of it as your checking and savings account, you operate out of your checking account. If you overdraw, you have to take money out of savings to balance that out. That's how our reserves work. We have our budgeted amount of money that we're using. Think of that as our checking account. Sometimes due to whatever circumstances, the expenses overcome the revenue and that difference comes off of our reserve. So instead, we may have like \$67 million in reserve if we end up \$3 million in the red, now we have \$64 million. We never hit that threshold and that may be what they were referring to, that we had never hit that \$25 million, but we most certainly have been negative from year to year depending on you know how the market runs and expenses and such. Mr. McLuckie said is the reserve Fund governed? I mean, I know there are accounting rules, right? But is it governed by that, or could you use that money for something other than what you enumerated? Jim responded all of our expenditures must be approved by the City Council. So, I can't just decide one day that I'm going to take \$5,000,000 and put it over here and use it for something else. All of that has



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to go through our process. Adam Norris said if I could add one thing really quick. So, the cash reserve policies, it's called the cash balance and resiliency policies. Our utility financial advisor worked with us on developing those for all three utilities. We presented those before some of you all been on this board, I think it was in 2021, that policy considers risk factors, you have revenue risk, expense risk, there's working capital and capital reserve. There are four components to that. Each year those are recalibrated and evaluated and adjusted accordingly. These were developed kind of on the heels of and during COVID, so the revenue risk was much higher as COVID risks have mitigated those risk factors have been reduced. And so, it fluctuates year to year based on their recommendations from our advisor. And those are then reflected in the budget. So, it's not automatic that it grows, sometimes they go down, but it's a combination of multiple factors that are analyzed. And then there's a target, a threshold that we need to be with him, you know, in the general fund, for instance, our target is 16%, but we're well below that target and our utilities we are, I believe, within the target for all three right now. So that that helps. Stephanie Harris added, Jim mentioned this, there's bond covenants that have restrictions on how much has to be kept in reserves. You would never be able to take your reserves below those bond covenants or that would be a serious problem. The way I used to explain it, as an auditor, is reserves aren't slush funds, they are savings accounts for long term capital projects that are anticipated that we know that are coming whether they be 20 years down the road. It's like your savings account holds your replacement for your car, whenever your car needs to be replaced, if that's how you operate. So, it is a number. It is cash in the bank, but it's cash with a purpose. Mr. McLuckie responded, I had never thought about this, but it was mentioned at the Council meeting, and I just thought it was worth getting it straight. Thanks. Adam added, just a little bit to illustrate the value of these policies, I can't remember the year it was in, I think 2021. We did a refinancing for the Water Department bond funds and one of the factors, we got an upgrade during that process. And one of the factors that the bond rating agencies mentioned was our strong cash balance and resiliency policies. So, they can be a real asset for us from a financial perspective.

Ms. Tindle said sorry, I just want an explanation for the board here. Clarity on the rate increase or removal of the decrease from your perspective, the timing and so forth. Right now, we're targeting it for October and the reason for that is the old when the new rates were approved in 2021 of the Council members made an amendment to their resolution to sunset all the old rates in in three years, which is October. So, in order to help smooth the transition in the original rollout, we grandfathered anyone that wanted to stay on their rates, and we just moved new customers to the new rates. All of that goes away in October. So rather than have a change and then another change. Our target is to do it all at once in October.

- E.** Deputy City Manager –Adam Norris said I have just one thing to follow up on Jim's comments. We're already starting to develop a communications plan and a game plan for how we roll out these changes to the rates that will be coming in October. So, we're going to be well ahead of the curve and communicate well in advance of what changes are going to be occurring. Mr.



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Giaramita added, I think that would be great because if we could avoid the same problem that we had with the changing of the bill, I think that would be great.

**III. BOARD MEMBER COMMENTS**

**A. Board Member Comments –**

1. Mr. Boatright said I have a comment but I'm not sure who to direct it to? I've seen Spire doing a lot of work or contractor for Spire digging a lot of holes around town. Are they looking for a ship? Lisa Reynolds responded they are placing a lot of their mains through town that does go through municipal services right away permit processing. We were actually talking to Adam about it earlier today, we're trying to limit the size of excavations that they can just leave open now because that's been a problem in the past, but yes, they are tearing through town at quite a rate. AT&T is also doing a lot of work around town as well. You can look on Dig Rites website and find out any time, at any location, as long as they've called for locates, you can find out who's doing that work.
2. Mr. Talcott said this is in concert with the articles that came out and I really felt that it was, it was necessary to at least put it out in the light because again, I'm hearing nothing but negative about IPL. And I think we're way far from that and I think we need to hear more positive about IPL and we had the opinion piece that first came out in the examiner from this, Mr. Stokes, who's with the show Me Institute, which is a big think tank out in Saint Louis. He was not only calling or encouraging sale of IPL, the utility, but also the water. And I'm thinking, we've got some of the best water around and we don't want that going to for a for profit agency. A lot of times when these things come up, a think tank just doesn't come from the other side of the state and just decide to, well, we're going to put this article in here. I mean, think tanks make money and usually think tanks respond to somebody's request. So again, and that's coming from the source. His opinion piece claims that we don't charge lower electric rates than private companies or for-profit companies. But the 2022 Goldman Sachs report said that if we sold IPL, our rates could be as much as 30% higher. Evergy was asking for a 12% increase last April, and Fox 4 KC was recently reporting an article on summer bills for Evergy could be as high as 60%. So again, this all kind of goes back to municipality versus a for-profit. It claimed that for-profit, companies are generally more efficient than municipal utilities, but I don't think they've looked into IPL's efficiency record. He didn't mention IPL's two recent National awards Safety Excellent award for Safe Operation Practices in 2022 and a diamond reliability public provider RP3 designation, the highest possible ranking, which I understand IPL now has had held this for 10 years roughly. It seems that the goal to simply get a onetime cash infusion to the city. I know the city has some special projects they'd like to find, but Mr. Stokes didn't mention that some cities have sold their water departments now regret it and are trying to buy them back. Cities like San Francisco and Boulder, Colorado have tried to buy back their electric utilities and failed once they're gone, they're gone. And again, I know I'm beating the dead horse, but I think this is important dead horse to beat because we need to get more positive out there about IPL. Then on June 10th, the Examiner put out an article on the utility bill shift causing headaches with its clunky rollout. In my opinion, the article is slanted as though this rollout was IPL's fault.



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## ***CITY OF INDEPENDENCE, MO PUBLIC UTILITY ADVISORY BOARD***

First, the Water Department, not IPL, is in charge of the billing. Secondly, the city staff chose the new billing company, not IPL, and we've already answered that. And Mr. Walker was quoted about having conversations with Jim Nail about getting communications out, but I thought Dan Montgomery was in charge of billing, which he is, so that didn't make a lot of sense. Mr. Schondelmeyer from Indy Energy is quoted as saying in part that such a change is particularly troublesome, coming from a municipal and not a private entity and since independence utility customers are not customers by choice now, my understanding is utility companies are by nature a monopoly, right? You can't go and we can't have some people in the city deciding well, I'd rather have Evergy, or I'd rather have somebody else. Basically, my point on this is surely somebody from Indy Energy should have known that that wasn't the issue that there's no place where you can have your choice. So again, in my opinion, there appears to be a concerted effort to put IPL in the negative light ahead of the vote to sell IPL. This is why I think it's important to give my Independence voters and ratepayers both sides of the story to make sure that they're not just getting 100% of the negative, they need to have 100% of the positive also and I don't think they get enough of that out. So anyway, the only last thing I have to ask is Mr. Nail, have you had a chance to see if MPUA is going to be able to do any kind of a presentation for us? Jim responded right after the last meeting I reached out to John Twitty and this month, in fact today, is their board meeting. So, he couldn't make it this month, but he is on track right now to attend in July. Mr. Talcott said great, thank you very much. I appreciate that. And that's all I have. Thank you very much for all your hard work.

3. Mr. Giaramita said they're going to think that you and I sat and did this together because I read the same article. But I would like to basically reiterate everything that you just said. I sat down the other night and as I read the article, I got more and more upset, and I will try not to get upset reading this. But when I wrote this, I was pretty mad. I read the Op Ed in the Examiner on June 3rd, 2023, by Mr. David Stokes of the Show Me Institute. After reading his piece, it seems to me he has questionable data at best and as portrayed Independence utilities in an unfair light that I would like to talk about for a moment. Personally, the Show Me Institute appears to be a think tank out of Saint Louis. I don't know if this is just my Western Missouri bias or not, but whenever Saint Louis tries to get involved and what's going on over here, I get suspicion. Mr. Stokes is listed as the director of Municipal Policy yet doesn't list any educational previous work background that would lead one to say, oh, this person is an expert in utility management. Mr. Stokes mentions a 1994 study by two economists that studied private versus public gas utilities, a 29-year-old study. Now it's been a little while since I was in college doing research for papers, but if I turned in a paper arguing a point and the most recent data, I could find to back up my thesis was almost 30 years old, I don't think my professors would have thought much of my research methods. He also cites a "recent comparison" of public versus private electric companies in Florida. How recent, last year, 10 years, by the looks of his other research, it could be 1953 for all I know. And what works for Florida does not mean it's a one size fits all fix for every municipality in the country. Look, we're going to have a lot of discussions about whether or not we should sell IPL. It is my opinion that this would be a bad deal for Independence and its residents might even be



**INDEPENDENCE**  
★ UTILITIES ★

**Municipal Services - Water - Power & Light**

***CITY OF INDEPENDENCE, MO***  
***PUBLIC UTILITY ADVISORY BOARD***

dangerous. We are required by Charter to provide utility service to the residents and until the Charter changes, that's the way it is. He also says that selling IPL doesn't go far enough. He suggests the sale of our water department as well. He gives the reference to a BYU study from 2000 to prove his point, 23 years old. The only concrete number he provides is that Eureka MO sold its water and sewer departments to a private company for \$28 million, and that Independence would stand to make more than that, since we're a bigger utility. Gee, thanks for the insight. If we can, show me one, just one reason how selling the water department, getting rid of that line of revenue that the city receives in local rates, not to mention the water we provide, which we don't provide out the goodness of our heart that sell to other municipalities, lower the quality of the water we provide, award-winning tap water and provide their service at a higher cost, because they would be a for-profit corporation, than we do right now, how that would be a benefit, I'll eat my hat. It seems his biggest argument for selling any of our utilities is that it would generate a cash flow to fund other "vital city services". Yes, that money could go to police, fire, EMS, municipal services, parks, etc. But this is not a consistent cash flow. Once that money is gone, it is gone forever. We will no longer have that fiscal lifeline our utilities provide for the other city services. In all reality, I think the argument for or against selling our utilities boils down to 1 undeniable, indisputable fact. Let's say hypothetically, we decided to sell IPL to Every. Every is beholden to one group and one group only, their shareholders. Because they are a monopoly, the ratepayers can get as mad as about rates as they want. As mad about service outages or wait times or customer services they want, but unless the shareholders become unhappy, there's no impetus for change. By the city owning its own utility, IPL is also beholden to one group and one group only, their shareholders only in this instance, every ratepayer is a shareholder. Every employee of IPL or Water department is a shareholder. Every resident of Independence is a shareholder. If someone has a problem, they don't have to go through some corporate monster, they come to us. Is our system perfect? No, not by a long shot. Is there room for improvement in the way our utilities operate? I think everyone in this room right now would say most assuredly, yes. Should we dump a service we provide to the ratepayers and citizens of Independence? Absolutely not. And that's all I have to say.

**IV. ADJOURNMENT** – Meeting adjourned at 3:25 p.m.

**A.** The next meeting will be July 20, 2023.

# *City of Independence*

## AGENDA ITEM COVER SHEET

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### **Agenda Title:**

Finance & Administration

1. Questions on Utility Financial Reports - May 2023

**Department:** Finance &  
Administration

**Contact Person:** Cindy Gray

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### **REVIEWERS:**

Power and Light Department

Approved

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**Board Action:**

**Board Action:**

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### **ATTACHMENTS:**

- PUAB Utility Financials with CIP - May 2023



**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Power and Light  
 For the period ended May 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>Percent</u>	<u>Percent</u>
	<u>Original</u>	<u>Amended</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Amended</u> <u>Budget</u>	<u>Actual</u> <u>91.67% of Year</u>	<u>From</u> <u>Budget</u>
<b>Operating Revenues:</b>						
Charges for Services	\$ 131,606,000	131,606,000	127,806,620	(3,799,380)	97.11%	5.44%
Penalties	1,000,000	1,000,000	1,369,610	369,610	136.96%	45.29%
Connection Charges	33,000	33,000	6,138	(26,862)	18.60%	-73.07%
Miscellaneous	—	—	52,384	52,384	0.00%	-91.67%
Temporary Service	1,000	1,000	1,050	50	105.00%	13.33%
Rental Income	276,000	276,000	299,990	23,990	108.69%	17.02%
Transmission Wheeling	7,000,000	7,000,000	6,528,275	(471,725)	93.26%	1.59%
<b>Total Operating Revenues</b>	<u>139,916,000</u>	<u>139,916,000</u>	<u>136,064,067</u>	<u>(3,851,933)</u>	<u>97.25%</u>	<u>5.58%</u>
<b>Operating Expenses:</b>						
Personnel Services	28,729,037	28,729,037	24,839,823	3,889,214	86.46%	-5.21%
Retiree Benefits	1,460,000	1,460,000	1,328,762	131,238	91.01%	-0.66%
Other Services	26,956,585	26,857,785	28,016,812	(1,159,027)	104.32%	12.65%
Supplies	55,603,355	55,657,405	57,564,363	(1,906,958)	103.43%	11.76%
Capital Projects	5,305,000	14,289,794	5,418,862	8,870,932	37.92%	-53.75%
Capital Operating	1,400,225	1,444,975	791,733	653,242	54.79%	-36.88%
Debt Service	7,896,466	7,896,466	3,589,925	4,306,541	45.46%	-46.21%
Other Expenses	100,000	100,000	—	100,000	0.00%	-91.67%
<b>Total Operating Expenses</b>	<u>127,450,668</u>	<u>136,435,462</u>	<u>121,550,280</u>	<u>14,885,182</u>	<u>89.09%</u>	<u>-2.58%</u>
<b>Nonoperating Revenues (Expenses):</b>						
Investment Income	118,000	118,000	1,481,159	1,363,159	1255.22%	1163.55%
Interfund Charges for Support Services	2,011,000	2,011,000	1,877,341	(133,659)	93.35%	1.68%
Miscellaneous Revenue (Expense)	15,700	15,700	420,665	404,965	2679.39%	2587.72%
<b>Total Nonoperating Revenue (Expenses)</b>	<u>2,144,700</u>	<u>2,144,700</u>	<u>3,779,165</u>	<u>1,634,465</u>	<u>176.21%</u>	<u>84.54%</u>
<b>Income (Loss) Before Transfers</b>	14,610,032	5,625,238	18,292,952	12,667,714	325.19%	233.52%
Capital Contributions	—	—	—	—	0.00%	-91.67%
Transfers Out – Utility Payments In Lieu of Taxes	(13,000,000)	(13,000,000)	(13,593,518)	593,518	104.57%	12.90%
Transfers In	—	—	—	—	0.00%	-91.67%
Transfers Out	—	—	—	—	0.00%	-91.67%
<b>Total Transfers</b>	<u>(13,000,000)</u>	<u>(13,000,000)</u>	<u>(13,593,518)</u>	<u>593,518</u>	<u>104.57%</u>	<u>12.90%</u>
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses, Budget Basis</b>						
	\$ <u>1,610,032</u>	<u>(7,374,762)</u>	4,699,434	<u>12,074,196</u>		
Beginning Available Resources			49,405,589			
Prior Period Adjustment			—			
Year-End Investment Market Value Adjustment			—			
Ending Available Resources			<u>54,105,023</u>			
Revenue Risk			5,300,000			
Capital Reserve			3,000,000			
Expense Risk			18,700,000			
Working Capital			25,500,000			
Targeted Reserve Level			<u>52,500,000</u>			
<b>Total Non-Restricted Resources Available</b>			\$ <u>1,605,023</u>			

**Power and Light - Open Capital Projects**  
As of May 31, 2023

PROJECT	PROJECT TITLE	ORIGINAL BUDGET	NET BUDGET AMENDMENTS	REVISED BUDGET	ENCUMBRANCES	ACTUALS	AVAILABLE BUDGET
200815	T&D Sys IMPROVEMENTS	\$ -	833,939.48	833,939.48	549,755.34	63,315.00	220,869.14
200824	Prod PIT MISC PROJECTS	-	68,257.76	68,257.76	-	-	68,257.76
200828	FIBER OPTIC PROGRAM	-	198,999.72	198,999.72	109,032.89	114,949.12	(24,982.29)
201106	69 KV SUBSTATION FACILITIES	-	321,078.50	321,078.50	124,833.71	85,009.85	111,234.94
201405	SUBSTATION SECURITY PROJECT	-	235,149.64	235,149.64	32,367.72	38,743.90	164,038.02
201509	NEW BILLING Sys	-	22,047.36	22,047.36	-	-	22,047.36
201510	Sys OpS / DISPATCH	-	44,634.77	44,634.77	33,430.50	1,600.00	9,604.27
201603	69 KV Trans LINE REBUIL	-	1,356,365.47	1,356,365.47	180,835.32	487,541.60	687,988.55
201604	Sys OpS / UPS UPGRAD	-	45,493.59	45,493.59	51,175.00	-	(5,681.41)
201605	Sys OpS WORK AREA	-	619,842.18	619,842.18	-	-	619,842.18
201606	NEW FINANCIAL MANAGEMENT SYS	-	200,000.00	200,000.00	-	-	200,000.00
201702	Prod FACILITIES IMPROVE	-	475,477.00	475,477.00	83,387.61	219,973.39	172,116.00
201703	BV GROUND WATER	-	369,648.98	369,648.98	22,523.78	59,540.18	287,585.02
201706	SUBSTATION K SWITCHGEAR &	-	963,211.67	963,211.67	202,802.46	760,218.75	190.46
201707	MASTER PLAN-FUTURE GENERATIO	-	32,500.00	32,500.00	-	-	32,500.00
201710	Mo CITY DIVESTITURE	-	450,681.26	450,681.26	357,300.22	93,380.54	0.50
201804	SUBSTATION E SWITCHGEAR REPLACEMENT	-	5,159,198.91	5,159,198.91	1,530,258.92	1,649,666.49	1,979,273.50
202004	Above Ground Fuel Storage Tanks	-	41,800.00	41,800.00	-	-	41,800.00
202101	Substation Fiber Optic Network	-	913,263.62	913,263.62	17,925.00	80,344.39	814,994.23
202102	Traffic Controller Upgrades	-	66,000.00	66,000.00	19,686.00	9,658.00	36,656.00
202103	Traffic Camera System Upgrades	-	51,837.00	51,837.00	-	-	51,837.00
202107	Motorola APX Radio Purchase Phase 2	-	67,716.89	67,716.89	-	-	67,716.89
202108	Operations APC UPS Battery Replace	-	110,000.00	110,000.00	-	10,300.00	99,700.00
202110	20MVAR Capacitor Bank Sub A	-	520,726.57	520,726.57	36,488.32	330,037.46	154,200.79
202111	Transmission Pole Replacement Prog	-	888,487.14	888,487.14	69,209.82	325,271.09	494,006.23
202201	Substation A Transformer T-9 Mtce	-	180,000.00	180,000.00	70,425.00	-	109,575.00
202204	Relay Test Set	-	80,103.50	80,103.50	-	80,103.50	-
202205	Desert Storm Switchgear Cabinets	-	500,000.00	500,000.00	249,977.25	-	250,022.75
202206	T & D Road Improvement Projects	500,000.00	-	500,000.00	182,484.00	-	317,516.00
202208	Traffic Signal Detection Systems	-	26,235.00	26,235.00	-	4,600.00	21,635.00
202210	IPL Service Center PBX Upgrade to I	-	85,000.00	85,000.00	-	-	85,000.00
202211	H-5 Hot Gas Path Inspection	-	1,170,634.91	1,170,634.91	-	931,237.66	239,397.25
202304	Controls Software Upgrade	-	500,000.00	500,000.00	316,185.80	135,508.20	48,306.00
202305	PLSC Operations Area HVAC Upgrade	-	100,000.00	100,000.00	-	-	100,000.00
202306	Substation A Blockhouse Roof Repl	75,000.00	-	75,000.00	49,978.00	-	25,022.00
202307	Emergent Maintenance Production	500,000.00	-	500,000.00	-	-	500,000.00
202308	Substn & Trans Upgrade &Replacement	400,000.00	-	400,000.00	1,402.58	10,158.29	388,439.13
202316	Construct 6 New Dist Feeders Sub S	450,000.00	-	450,000.00	83,410.43	76,323.57	290,266.00
202317	H5 Combustion Turbine Repair	-	2,199,611.97	2,199,611.97	1,795,534.99	404,077.15	(0.17)
9669	SERVICE CTR FACILITY IMPROVE.	-	520,084.17	520,084.17	-	-	520,084.17
		\$ 1,925,000.00	19,418,027.06	21,343,027.06	6,170,410.66	5,971,558.13	9,201,058.27

	Current Year	Prior Year	
	Budget	Budget (Enc Roll)	Total
Budget	\$ 14,289,793.73	7,053,233.33	21,343,027.06
Less Expenditures	1,500,670.75	4,470,887.38	5,971,558.13
Less Encumbrances	3,918,190.84	2,252,219.82	6,170,410.66
Total Available	\$ 8,870,932.14	330,126.13	9,201,058.27

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Water  
 For the period ended May 31, 2023

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Amended Budget	Percent Actual 91.67% of Year	Percent From Budget
	Original	Amended				
<b>Operating Revenues:</b>						
Charges for Services	\$ 32,165,000	32,165,000	30,992,015	(1,172,985)	96.35%	4.68%
Penalties	100,000	100,000	442,159	342,159	442.16%	350.49%
Connection/Disconnection Charges	12,000	12,000	19,439	7,439	161.99%	70.32%
Miscellaneous	10,000	10,000	18,569	8,569	185.69%	94.02%
Returned Check Charges	23,000	23,000	27,270	4,270	118.57%	26.90%
Rental Income	85,000	85,000	116,448	31,448	137.00%	45.33%
Meter Repairs	—	—	—	—	0.00%	-91.67%
Merchandising Jobbing	—	—	8,405	8,405	0.00%	-91.67%
<b>Total Operating Revenues</b>	<b>32,395,000</b>	<b>32,395,000</b>	<b>31,624,305</b>	<b>(770,695)</b>	<b>97.62%</b>	<b>5.95%</b>
<b>Operating expenses:</b>						
Personnel Services	9,646,673	9,646,673	7,607,100	2,039,573	78.86%	-12.81%
Retiree Benefits	364,000	364,000	318,372	45,628	87.46%	-4.21%
Other Services	13,703,182	13,567,682	9,356,885	4,210,797	68.96%	-22.71%
Supplies	2,840,700	3,015,700	3,222,449	(206,749)	106.86%	15.19%
Capital Projects	7,800,000	22,584,919	9,234,984	13,349,935	40.89%	-50.78%
Capital Operating	1,134,500	1,095,000	598,938	496,062	54.70%	-36.97%
Debt Service	2,526,400	2,526,400	2,240,826	285,574	88.70%	-2.97%
Other Expenses	50,000	50,000	—	50,000	0.00%	-91.67%
<b>Total Operating Expenses</b>	<b>38,065,455</b>	<b>52,850,374</b>	<b>32,579,554</b>	<b>20,270,820</b>	<b>61.64%</b>	<b>-30.03%</b>
<b>Nonoperating Revenues (Expenses):</b>						
Investment Income	657,138	657,138	1,313,955	656,817	199.95%	108.28%
Interfund Charges for Support Services	3,300,500	3,300,500	3,079,284	(221,216)	93.30%	1.63%
Miscellaneous Revenue (Expense)	16,700	16,700	(2,043)	(18,743)	-12.23%	-103.90%
<b>Total Nonoperating Revenue (Expenses)</b>	<b>3,974,338</b>	<b>3,974,338</b>	<b>4,391,196</b>	<b>416,858</b>	<b>110.49%</b>	<b>18.82%</b>
<b>Income (Loss) Before Transfers</b>	<b>(1,696,117)</b>	<b>(16,481,036)</b>	<b>3,435,947</b>	<b>19,916,983</b>	<b>-20.85%</b>	<b>-112.52%</b>
Transfers Out – Utility Payments In Lieu of Taxes	(2,941,000)	(2,941,000)	(3,054,606)	113,606	103.86%	12.19%
Transfers In	—	—	—	—	0.00%	-91.67%
Transfers Out	—	—	—	—	0.00%	-91.67%
<b>Total Transfers</b>	<b>(2,941,000)</b>	<b>(2,941,000)</b>	<b>(3,054,606)</b>	<b>113,606</b>	<b>103.86%</b>	<b>12.19%</b>
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses, Budget Basis</b>	<b>\$ (4,637,117)</b>	<b>(19,422,036)</b>	<b>381,341</b>	<b>19,803,377</b>		
Beginning Available Resources			48,655,139			
Year-End Investment Market Value Adjustment			—			
Ending Available Resources			<u>49,036,480</u>			
Revenue Risk			2,000,000			
Capital Reserve			6,100,000			
Expense Risk			700,000			
Working Capital			<u>5,600,000</u>			
Targeted Reserve Level			<u>14,400,000</u>			
Total Non-Restricted Resources Available			\$ <u>34,636,480</u>			

**Water - Open Capital Projects  
As of May 31, 2023**

PROJECT	PROJECT TITLE	ORIGINAL BUDGET	NET BUDGET AMENDMENTS	REVISED BUDGET	ENCUMBRANCES	ACTUALS	AVAILABLE BUDGET
400708	TREATMENT PIT DISCHARGE	\$ -	300,000.00	300,000.00	79,530.39	18,469.61	202,000.00
400904	EAST INDEPENDENCE INDUST PARK	-	674,000.00	674,000.00	-	-	674,000.00
401003	FUTURE Prod WELLS	500,000.00	962,596.00	1,462,596.00	1,231,908.00	270.00	230,418.00
401301	23RD ST MAIN REPLACEMENT	-	311,672.57	311,672.57	2,811.00	-	308,861.57
401402	LAGOON CLEANOUT	-	24,559.00	24,559.00	-	49,059.00	(24,500.00)
401505	Dist Sys IMPROVE	-	244,781.00	244,781.00	-	-	244,781.00
401506	TRUMAN ROAD BOOSTER STATION	-	106,569.52	106,569.52	-	-	106,569.52
401601	FILTER BACKWASH OUTFALL	-	190,325.00	190,325.00	-	-	190,325.00
401602	Pit DISCHARGE OUTFALL	-	459,824.48	459,824.48	-	-	459,824.48
401605	COURTNEY BEND BASIN CATWALK	-	10,020.00	10,020.00	-	-	10,020.00
401608	LIME SILO	-	4,249,256.24	4,249,256.24	3,541,237.78	329,496.06	378,522.40
401703	Maint BUILDING AT CBP	-	200,000.00	200,000.00	-	-	200,000.00
401704	VAN HORN RESERVOIR IMPROVE	-	(49,699.58)	(49,699.58)	-	-	(49,699.58)
401802	6" Main Replacement James Downey Rd	-	250,087.60	250,087.60	-	-	250,087.60
401804	Filter Valve House Roof Improvement	-	97,292.00	97,292.00	-	-	97,292.00
401808	VFD Drive Replacements HSP 2 & 4	-	230,967.00	230,967.00	-	-	230,967.00
401818	30" Steel Transmission Main Assess	-	156,300.00	156,300.00	-	-	156,300.00
401821	Main Replacement-32nd/Hunter/Bird	-	91,000.00	91,000.00	-	-	91,000.00
401822	Main Replacement-24Hwy/Northern/RR	-	240,166.00	240,166.00	-	-	240,166.00
402002	39th Street Reservoir	-	2,170,212.30	2,170,212.30	105,048.65	2,106,614.55	(41,450.90)
402004	Main Replace Walnut/Leslie/LeesSumm	-	81,218.73	81,218.73	-	-	81,218.73
402007	Courtney Bend Emergency Generator	-	1,150,000.00	1,150,000.00	-	-	1,150,000.00
402008	Wellfield Overhead Electrical Imp	-	1,000,000.00	1,000,000.00	-	-	1,000,000.00
402009	Main Replace Sheley/Claremont/Norw	-	188,790.00	188,790.00	-	-	188,790.00
402010	Main Replace Gudgell/Dodgion/KingsH	-	697,170.77	697,170.77	58,945.88	535,092.39	103,132.50
402011	Main Replace Salisbury/Peck/Geospac	-	1,179,100.00	1,179,100.00	105,000.00	951,250.00	122,850.00
402012	College Avenue Improvements	-	250,000.00	250,000.00	-	-	250,000.00
402101	Main Replacement Ralston 31st/29th	-	364,255.00	364,255.00	329,196.50	3,150.00	31,908.50
402102	Main Replacement 3rd St & Jennings	-	440,798.00	440,798.00	-	4,785.00	436,013.00
402103	Main Replacement Truman Road	-	540,502.00	540,502.00	112,497.65	385,842.35	42,162.00
402104	Lime Slaker No 5	-	350,000.00	350,000.00	378,088.80	-	(28,088.80)
402105	Main Replacement Sheley	-	98,565.00	98,565.00	-	9,335.50	89,229.50
402106	Main Replacement Sheley & Northern	-	1,017,766.50	1,017,766.50	524,771.50	33,856.50	459,138.50
402107	Facility Improvements/Const/Maint	1,500,000.00	250,000.00	1,750,000.00	85,122.50	14,877.50	1,650,000.00
402108	Basin Drive Improvements	-	340,523.00	340,523.00	-	-	340,523.00
402201	Roof Improvements	-	250,000.00	250,000.00	-	269,500.00	(19,500.00)
402203	Lime Slaker No 1	-	350,000.00	350,000.00	376,911.20	-	(26,911.20)
402207	CB Electrical Switchgear Improvemen	-	200,000.00	200,000.00	-	-	200,000.00
402301	IT Infrastructure Upgrade	150,000.00	-	150,000.00	-	140,965.20	9,034.80
402302	HSPS HVAC Improvements	250,000.00	-	250,000.00	106,520.00	-	143,480.00
402303	Lime Silo Recoating	400,000.00	-	400,000.00	-	-	400,000.00
9749	MAIN REPLACEMENT PROGRAM	-	3,794,153.67	3,794,153.67	883,506.70	587,668.70	2,322,978.27
9952	SECURITY UPGRADES	-	517,590.82	517,590.82	6,202.03	62,884.43	448,504.36
		\$ 2,800,000.00	23,980,362.62	26,780,362.62	7,927,298.58	5,503,116.79	13,349,947.25

	Current Year	Prior Year	Total
	Budget	Budget (Enc Roll)	
Budget	\$ 22,584,918.85	4,195,443.77	26,780,362.62
Less Expenditures	1,785,103.23	3,718,013.56	5,503,116.79
Less Encumbrances	7,449,880.67	477,417.91	7,927,298.58
Total Available	\$ 13,349,934.95	12.30	13,349,947.25

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Sanitary Sewer  
 For the period ended May 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Amended Budget</u>	<u>Percent Actual 91.67% of Year</u>	<u>Percent From Budget</u>
	<u>Original</u>	<u>Amended</u>				
<b>Operating revenues:</b>						
Charges for Services	\$ 35,821,585	35,821,585	32,920,172	(2,901,413)	91.90%	0.23%
Penalties	200,000	200,000	133,172	(66,828)	66.59%	-25.08%
<b>Total operating revenues</b>	<u>36,021,585</u>	<u>36,021,585</u>	<u>33,053,344</u>	<u>(2,968,241)</u>	<u>91.76%</u>	<u>0.09%</u>
<b>Operating expenses:</b>						
Personnel Services	6,796,986	6,796,986	5,095,286	1,701,700	74.96%	-16.71%
Retiree Benefits	348,000	348,000	325,849	22,151	93.63%	1.96%
Other Services	15,594,591	15,632,836	11,946,443	3,686,393	76.42%	-15.25%
Supplies	1,285,100	1,279,600	785,095	494,505	61.35%	-30.32%
Capital Projects	1,750,000	14,137,113	1,138,538	12,998,575	8.05%	-83.62%
Capital Operating	593,000	560,255	549,063	11,192	98.00%	6.33%
Debt Service	6,239,100	6,239,100	5,134,897	1,104,203	82.30%	-9.37%
Other Expenses	—	—	—	—	0.00%	-91.67%
<b>Total Operating Expenses</b>	<u>32,606,777</u>	<u>44,993,890</u>	<u>24,975,171</u>	<u>20,018,719</u>	<u>55.51%</u>	<u>-36.16%</u>
<b>Nonoperating Revenues (Expenses):</b>						
Investment Income	326,000	326,000	844,551	518,551	259.06%	167.39%
Miscellaneous Revenue (Expense)	7,900	7,900	74,477	66,577	942.75%	851.08%
<b>Total Nonoperating Revenue (Expenses)</b>	<u>333,900</u>	<u>333,900</u>	<u>919,028</u>	<u>585,128</u>	<u>275.24%</u>	<u>183.57%</u>
<b>Income (Loss) Before Transfers</b>	3,748,708	(8,638,405)	8,997,201	17,635,606	-104.15%	-195.82%
Transfers Out – Utility Payments In Lieu of Taxes	(3,596,612)	(3,596,612)	(3,293,616)	(302,996)	91.58%	-0.09%
Transfers In	10,000	10,000	10,000	—	100.00%	8.33%
Transfers Out	—	—	(1,724)	1,724	0.00%	-91.67%
<b>Total Transfers</b>	<u>(3,586,612)</u>	<u>(3,586,612)</u>	<u>(3,285,340)</u>	<u>(301,272)</u>	<u>91.60%</u>	<u>-0.07%</u>
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses, Budget Basis</b>	<u>\$ 162,096</u>	<u>(12,225,017)</u>	5,711,861	<u>17,936,878</u>		
Beginning Available Resources			31,326,433			
Year-End Investment Market Value Adjustment			—			
Ending Available Resources			<u>37,038,294</u>			
Revenue Risk			1,200,000			
Capital Reserve			4,000,000			
Expense Risk			700,000			
Working Capital			6,800,000			
Targeted Reserve Level			<u>12,700,000</u>			
<b>Total Non-Restricted Resources Available</b>			<u>\$ 24,338,294</u>			

**Sanitary Sewer - Open Capital Projects  
As of May 31, 2023**

PROJECT	PROJECT TITLE	ORIGINAL BUDGET	NET BUDGET AMENDMENTS	REVISED BUDGET	ENCUMBRANCES	ACTUALS	AVAILABLE BUDGET
301201	BURR OAK EAST	\$ -	1,035,327.15	1,035,327.15	-	-	1,035,327.15
301202	CRACKERNECK-VAN HOOK SEWER	-	529,163.59	529,163.59	-	-	529,163.59
301603	RCTP FACILITIES ROOF, CEILING	-	170,925.00	170,925.00	-	-	170,925.00
301701	SCADA UPGRADE	-	139,743.08	139,743.08	7,330.16	54,856.46	77,556.46
301703	ARROWHEAD CENTER	-	-	-	-	-	-
301705	16TH/SCOTT	-	357,362.29	357,362.29	-	1,622.92	355,739.37
301706	TREATMENT FACILITY IMPROVEMENT	-	369,539.84	369,539.84	4,682.20	60,171.64	304,686.00
301804	ROCK CREEK EFFLUENT STRUCTURE	-	332,776.94	332,776.94	-	11,327.01	321,449.93
302002	Arlington Improvements	-	100,000.00	100,000.00	-	-	100,000.00
302003	Bison Park	-	107,079.84	107,079.84	37,201.34	34,400.41	35,478.09
302004	Neighborhood Projects 2019-20	-	1,910,076.49	1,910,076.49	18,792.50	18,514.15	1,872,769.84
302005	Biosolids Handling	-	2,397,533.81	2,397,533.81	15,301.02	1,390,546.14	991,686.65
302006	Raw Pumps & Screening	-	900,000.00	900,000.00	15,723.30	304,997.29	579,279.41
302007	Electrical Substation Rehab	-	158,690.00	158,690.00	29,351.00	-	129,339.00
302008	RCTP Fence	-	143,950.24	143,950.24	-	107,934.68	36,015.56
302009	Truman & Harris	-	50,000.00	50,000.00	-	-	50,000.00
302101	Sanitation Sewer Evaluation Survey	-	106,982.83	106,982.83	21,301.63	-	85,681.20
302102	Raymond Harkless Mills San Imp	-	200,000.00	200,000.00	-	-	200,000.00
302103	Pump Station Imp & Maintenance	-	568,240.98	568,240.98	-	-	568,240.98
302104	Polymer System Relocation	-	100,000.00	100,000.00	-	-	100,000.00
302105	Piping Rehabilitation	-	585,933.69	585,933.69	14,332.50	-	571,601.19
302201	Upper Adair Interceptor	-	800,000.00	800,000.00	293,200.00	-	506,800.00
302202	Crackerneck Creek Slope Rehab	-	1,877,276.90	1,877,276.90	45,599.57	33,195.11	1,798,482.22
302203	Sanitary Sewer Main Reloc from Stre	-	400,000.00	400,000.00	-	-	400,000.00
302204	RCTP - Septic Pumper	-	300,000.00	300,000.00	-	-	300,000.00
302205	Clarifier Rehabilitation	-	1,405,823.97	1,405,823.97	46,265.45	189,436.74	1,170,121.78
302206	Railing Safety RCPS & SCPS	-	215,000.00	215,000.00	-	200,916.91	14,083.09
302301	Sludge Thickening Process Improve	400,000.00	-	400,000.00	-	-	400,000.00
9757	TRENCHLESS TECHNOLOGY	100,000.00	995,405.40	1,095,405.40	297,674.47	349,278.56	448,452.37
		\$ 500,000.00	16,256,832.04	16,756,832.04	846,755.14	2,757,198.02	13,152,878.88

	Current Year Budget	Prior Year Budget (Enc Roll)	Total
Budget	\$ 14,137,112.86	2,619,719.18	16,756,832.04
Less Expenditures	546,830.04	2,210,367.98	2,757,198.02
Less Encumbrances	591,708.18	255,046.96	846,755.14
Total Available	\$ 12,998,574.64	154,304.24	13,152,878.88